



Director of
Central
Intelligence

~~Top Secret~~

CCFAS/C16

CY# 285

National Intelligence Daily

Saturday
14 May 1983

~~Top Secret~~

CPAS NID 83-114JX

14 May 1983

Copy 285

25X1

Page Denied

Top Secret

25X1

Contents

Syria-Lebanon: Opposition to the Agreement	1
France-West Germany: Summit Preview	2
Brazil: Possible Debt Moratorium	3
USSR-Canada: Gorbachev's Visit	4
China: Interest in IAEA Membership	5
USSR-Peru: Soviet Concerns	6

25X1

China-USSR: Reaction to Criticism	8
--	---

25X1

USSR-Afghanistan: Soviet Comment on UN Talks	9
India-US: Nuclear Spare Parts Issue	9
UK: Election Campaign Begins	10

25X1

Greece-Turkey: NATO Exercise Problems	11
Kenya-UK-US: Charges of Political Meddling	11

Special Analysis

El Salvador: Economic Warfare	12
--	----

25X1

Top Secret

25X1

14 May 1983

Top Secret

25X1

SYRIA-LEBANON: Opposition to the Agreement

Syria is trying to intensify opposition in Lebanon to the draft Lebanese-Israeli agreement. [redacted]

25X1

A pro-Syrian newspaper in Beirut reports that a National Front opposed to the withdrawal agreement will be officially established today. The group's leaders are to include former President Franjiyah, former Prime Minister Karami, and Druze leader Walid Junblatt. [redacted]

25X1

25X1

The US Embassy in Beirut reports that Lebanese politicians are increasingly alarmed by Syria's rejection of the withdrawal agreement. Many of them are concerned that the Syrians might bomb the parliament building or carry out other acts of violence to prevent ratification of the pact. [redacted]

25X1

Maronite politicians are worried that PLO units might carry out attacks against Christian targets. According to press reports, President Assad yesterday again told Lebanese Foreign Minister Salem that Damascus rejects the Lebanese-Israeli agreement. [redacted]

25X1

Comment: The members of the new National Front have long been wary of the Gemayel government, but Syrian pressure almost certainly led them to announce at this time their opposition to the agreement. Syria's sudden attempt to create an opposition front is unlikely to attract strong support beyond pro-Syrian political groups and Lebanon's two Communist parties. Nevertheless, violence by Palestinian and leftist groups could cause other Lebanese Muslim politicians to denounce the agreement. [redacted]

25X1

25X1

Top Secret

25X1

14 May 1983

Top Secret

25X1

FRANCE-WEST GERMANY: Summit Preview

President Mitterrand and Chancellor Kohl probably will paper over disagreements on economic issues during their two-day summit that begins in Paris on Monday. [redacted]

25X1

French officials want the West Germans to adopt measures that would help reduce France's growing bilateral trade deficit, increase support for the franc, and promote development throughout Europe of advanced robotics, computers, and electronics. The French also want West German agreement to coproduce new weapons systems.

25X1

West German officials continue to blame the French for much of the acrimony that surrounded negotiations on the European currency realignment in March.

25X1

25X1

Comment: Mitterrand will be likely to reassure Kohl of his intention to stick to the austerity program, to resist growing protectionist sentiment in France, and to remain in the EMS. Kohl probably will agree in principle to help the French meet their urgent economic problems but will avoid commitments on trade issues. On specifics, Kohl may at most agree to French proposals for stimulating advanced technology in Europe and weapons coproduction.

25X1

Both leaders will publicly emphasize their commitment to strengthening the EC's institutions at the organization's summit next month. Mitterrand remains wary of specific West German proposals that would increase the use of voting by qualified majority in EC decisions and enlarge the role of the European Parliament. He probably is concerned, however, that future financial assistance for France from the EC could be jeopardized if Paris is viewed as obstructionist.

25X1

Top Secret

25X1

Top Secret

25X1

BRAZIL: Possible Debt Moratorium

25X1

Comment: Discussions beginning on Monday with the IMF may bring the issue to a head. The US Embassy reports that Brasilia has been unable to comply with the IMF's targets and is seeking a waiver. If a waiver cannot be negotiated promptly, Brasilia will have little hope of restoring short-term credits or raising new money.

25X1

Although a debt moratorium might help halt the loss of deposits from Brazilian banks, West European, Japanese, and small US banks probably would demand even tougher austerity measures by Brasilia in return for new money. Moreover, suspensions of payments would become increasingly attractive to other debtors in Latin America.

25X1

Top Secret

14 May 1983

Top Secret

25X1

USSR-CANADA: Gorbachev's Visit

Moscow's choice of Politburo member Gorbachev to visit Canada is a sign of its determination to improve relations, as well as to have an expert examine Canadian agricultural technology. [redacted]

25X1

Gorbachev, who arrives on Monday for 10 days of consultations and travel, is the highest ranking Soviet official to visit Canada since Premier Kosygin's visit in 1971. [redacted]

25X1

25X1

[redacted] Gorbachev, the party leader responsible for agriculture, is close to General Secretary Andropov, who likes his modern ideas for revitalizing Soviet agriculture. Gorbachev plans to discuss INF and other East-West issues as well as bilateral matters with Canadian officials, and he hopes to meet with Prime Minister Trudeau. [redacted]

25X1

The Canadians reportedly want to impress Gorbachev with their agricultural equipment and technical expertise to encourage him to recommend purchases. Ottawa reportedly has offered to add \$3-4 million to the \$1 billion line of credit available to the USSR this marketing year for the purchase of agricultural goods. [redacted]

25X1

Comment: The Soviets want to encourage the high-level dialogue that was resumed at Ottawa's initiative last fall after a three-year suspension by the Canadians to protest the invasion of Afghanistan. Gorbachev also will try to induce Ottawa to withdraw its support for the US position on INF. In this context, he probably will try to exploit the opposition in Canada to planned tests of US cruise missiles there. [redacted]

25X1

Excessive pressure on this point, however, will risk alienating Trudeau. The Prime Minister has stressed his commitment to the testing agreement and has shown anger about protest demonstrations. [redacted]

25X1

The government probably hopes improved political relations will lead to increased exports to the USSR and to improved cooperation in scientific research in the Arctic. Ottawa has been promoting such trade—especially in high-technology goods—and was disappointed to have been excluded from supplying oil and gas technology for the Astrakhan gas project. [redacted]

25X1

Top Secret

25X1

Top Secret

25X1

CHINA: Interest in IAEA Membership

[redacted] 25X1
Chinese officials are showing renewed interest in joining the International Atomic Energy Agency, but several obstacles probably will prevent an early decision. [redacted] 25X1

[redacted] 25X1

Comment: China is the only nuclear weapons state outside the IAEA, but it has raised the possibility of joining several times. Beijing may only be trying to make a favorable impression as it considers importing Western technology for a nuclear power program. [redacted] 25X1

Membership would entail significant costs. Although it would not legally obligate Beijing to accept IAEA safeguards on power reactors purchased from a Western supplier state, China would nevertheless find it more difficult to maintain its opposition to international safeguards. Moreover, China could expect greater pressure from supplier states, which object to Beijing's export of nuclear materials to potential proliferators, such as Argentina and South Africa, without IAEA safeguards. [redacted] 25X1

If Beijing were to join the IAEA, it probably would not complain about the continuation of safeguards in Taiwan, which was forced out of the IAEA in the early 1970s. China would be likely to insist, however, on having a permanent seat on the Board of Governors. It then could support developing nations seeking greater influence in the IAEA and promote more extensive technology transfers. [redacted] 25X1

Top Secret

25X1

Top Secret

25X1

USSR-PERU: Soviet Concerns

The Soviets apparently are worried that political developments in Peru could undercut their position there, and they are trying to cultivate support in the military and among left-of-center political elements.

25X1

25X1

Comment: Moscow's views of discontent in the military seem exaggerated, but they probably reflect its assessment of the strained economic situation and the difficulties encountered in operations against leftist terrorists. The Soviets have tried to secure a position of influence by cultivating the military. They may fear that a conservative military regime would move against officers suspected of pro-Soviet sympathies or against those trained in the USSR.

25X1

Top Secret

25X1

Page Denied

Top Secret

25X1

CHINA-USSR: Reaction to Criticism

The US Embassy in Beijing has learned [redacted] [redacted] that the Chinese claim they have canceled a visit that had been scheduled for late this month by Soviet Deputy Foreign Minister Kapitsa and that Chinese Vice Foreign Minister Qian Qichen will not stop for talks in Moscow en route home from his current trip to Eastern Europe. These steps reportedly are meant as a sign of Beijing's displeasure with the Soviet press attacks last month on China's approach to the bilateral talks. [redacted] Party Chairman Hu Yaobang recently complained off the record to East European journalists about Soviet "sabotage" on the Sino-Soviet border. In addition, Hu asserted for publication that Moscow's "hegemonistic" behavior in Southeast Asia could lead to armed conflict with the USSR. [redacted]

25X1

25X1

25X1

25X1

Comment: The Chinese are clearly warning Moscow that they cannot be bullied into dropping their principal demands for improving bilateral relations, especially their insistence that the USSR withdraw its support for Vietnam. Nevertheless, China still appears interested in holding the bilateral talks. [redacted]

25X1

25X1

Top Secret

25X1

Top Secret
[redacted]

25X1

USSR-AFGHANISTAN: Soviet Comment on UN Talks

The head of the Middle East Department of the Soviet Foreign Ministry told French diplomats in Moscow last week that there were "no results" from the round of UN talks on Afghanistan that ended on 22 April in Geneva. He said that the UN mediator's role should be limited to facilitating direct talks between Pakistan and Afghanistan and that there could be no discussion of Soviet troop withdrawals because this is a bilateral matter between Moscow and Kabul. Soviet Ambassador Tabeyev, speaking with his Indian counterpart in Kabul this week, asserted that the Soviet presence in Afghanistan is "permanent" and that it should be accepted by everyone. The UN mediators and the Pakistanis, on the other hand, are saying that the latest session was difficult but that it may have laid the groundwork for progress when talks resume in mid-June. [redacted]

25X1

Comment: Soviet negotiations with insurgents in Afghanistan appear to be enjoying some success, and the USSR may be adopting a tougher position in the talks with Pakistan. [redacted]

25X1

INDIA-US: Nuclear Spare Parts Issue

The US Embassy reports that senior Indian officials are angry with the failure by the US to authorize the export of spare parts for the Tarapur nuclear power reactor that are available only from the original US vendor. They have privately told US representatives that the lack of spare parts will force them to reprocess spent fuel from the reactor ahead of schedule so that the reactor core can be emptied to permit repairs. Indian press reports allege that the delay by the US has contributed to a health hazard at Tarapur. [redacted]

25X1

Comment: The reprocessing and spare parts issues threaten to dissipate the good will accruing to Prime Minister Gandhi's visit to the US last summer. Indian proponents of greater nuclear independence are likely to use the spare parts issue to strengthen their opposition to India's acceptance of international safeguards. India probably would not be able to reprocess spent fuel from the Tarapur reactor before early next year because the only reprocessing plant is fully committed until then. [redacted]

25X1

Top Secret
[redacted]


25X1

Top Secret


25X1


UK: Election Campaign Begins

The campaign for the election on 9 June officially opens today, with the Conservative Party of Prime Minister Thatcher gaining strength. Two polls taken this week show an increased Tory lead over the Labor Party—one of 17 percentage points and the other of 21 percentage points. Only last weekend the two polls indicated that the Conservatives were ahead by only 8 and 13 points, respectively. The Social Democratic-Liberal Alliance has remained steady at 17 percent in both recent polls, reflecting the decline in its popularity.



25X1

Comment: The Tory advantage is likely to diminish as Labor develops its attack against the government's weak points, particularly the unemployment rate of 13 percent. With the Conservatives' current lead, Thatcher would gain an absolute majority in Parliament and a margin of as many as 200 seats more than Labor. The drop in the standing of the Alliance reduces the chances that it can secure a share of power and indicates public uneasiness with the idea of a three-way race.



25X1

25X1

Top Secret


25X1

Top Secret
[redacted]

25X1

GREECE-TURKEY: NATO Exercise Problems

The dispute between Greece and Turkey over control of Aegean airspace almost forced the cancellation of a NATO mobile force exercise scheduled to begin on 28 May. A last-minute concession by Ankara on using the flight path the Greeks preferred allowed the exercise to continue. Planning was well under way when the Greeks—who were not involved in the exercise in eastern Turkey—proposed using an air route over Limnos Island rather than the one over the Aegean Sea that Turkey and the other participants had already accepted. At a Defense Planning Committee meeting on Wednesday, the Permanent Representatives from the UK, Belgium, West Germany, and Italy expressed their growing frustration with the repeated intrusion of this bilateral dispute into NATO affairs. [redacted]

25X1

Comment: The tone of the comments made during the meeting on Wednesday by those Allies who—along with the US—contribute to the force suggests that their patience is reaching a breaking point. Any late cancellation in the future may result in the refusal of the Allies to plan additional exercises in the Aegean until the Greeks and the Turks resolve their problems. [redacted]

25X1

KENYA-UK-US: Charges of Political Meddling

The US Embassy reports that President Moi is claiming that Constitutional Affairs Minister Njonjo, a political rival, is drawing on US and British support to undermine the government. The local media have provided extensive coverage of rumored plots and charges of Western meddling in domestic politics, and many politicians have spoken out against the alleged threat. [redacted]

25X1

Comment: Moi probably does not believe that the US and the UK are involved in internal politics, but the media coverage could lead to some anti-US sentiment. Moi almost certainly is making the accusations to pave the way for firing Njonjo. Njonjo lacks widespread popular support, and his dismissal is unlikely to encourage Kikuyu opposition to Moi. [redacted]

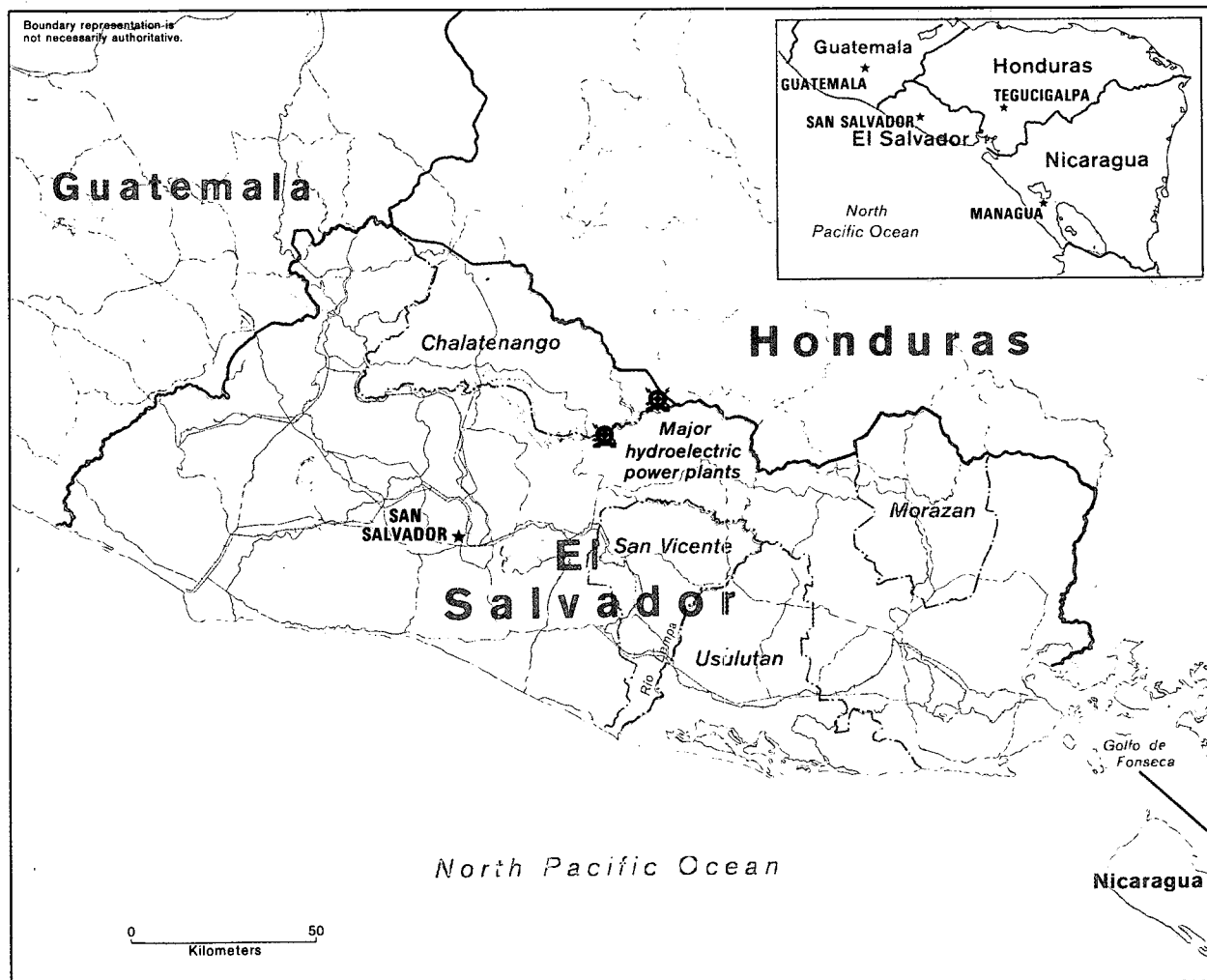
25X1

Top Secret
[redacted]

25X1

Top Secret

25X1



634331 5-83

Top Secret

14 May 1983

25X1

Top Secret

25X1

Special Analysis

EL SALVADOR: Economic Warfare

The guerrillas are resorting increasingly to economic sabotage as they attempt to erode confidence in the Army and undermine the credibility of the presidential election scheduled for late this year. This strategy carries few military risks for the insurgents, while it compels government units to assume a static defense posture that increases their vulnerability to ambushes and other attacks. [redacted]

25X1

The insurgents publicly announced their campaign of economic sabotage last month. Since then, they have increased their operations, particularly in the east. They are disrupting the planting of cotton and the processing of coffee, which together account for approximately 60 percent of El Salvador's export earnings. [redacted]

25X1

Local businessmen say the guerrillas are forcing farmers to sign letters stating they will not plant cash crops. [redacted]

25X1

25X1

The increased destruction of bridges is hampering trade and communications between eastern El Salvador and Honduras. In addition, US officials note that attacks on the rail system have paralyzed traffic between the capital and the east coast, increasing the discouragement of growers and investors. [redacted]

25X1

25X1

Guerrilla activity also is increasing in the central region, where major hydroelectric power plants are located. Recent attacks on towns near the heavily guarded plants underscore the disastrous effects their destruction would have on the already weakened economy. [redacted]

25X1

Insurgent Goals

The sabotage campaign is beginning to have a psychological effect in the east, where attacks on electrical substations have blacked out whole areas for much of the year. Local businessmen believe the populace is increasingly demoralized by the guerrillas' ability to seize territory—even temporarily—and they claim the Army is losing credibility. [redacted]

25X1

*continued***Top Secret**

25X1

Top Secret

25X1

25X1

The threat to Morazan has forced the Army to station one of its three elite US-trained battalions around the provincial capital. The resulting reduction in the Army's reaction capability has allowed the insurgents to operate more freely in other areas. The guerrillas also hope to inflict a major defeat on the elite units to weaken overall military morale and resistance.

25X1

The insurgents see major political benefits if they increase their control in the east.

25X1

25X1

Government Response

The armed forces are planning to begin a major military campaign late this month to secure vital crop-growing areas in the southeast. Several elite units, along with other local forces, will try to clear the insurgents from San Vicente and Usulután Departments.

25X1

The clearing operation is to be followed by a civic action program designed to restore the basic economic infrastructure and build popular support. Senior military officials regard this effort as a model for similar operations in other areas. They also believe it will respond to some of the concerns of younger officers, who have been pushing for a nationwide civic action program.

25X1

Short-Term Outlook

There are no indications that the guerrillas are planning an all-out effort similar to the "final offensive" of January 1981. Nonetheless, they almost certainly will increase both economic and military operations during the next few months. At least some of these actions are likely to succeed, and hardline insurgent leaders might then push for a large-scale offensive to preempt the elections.

25X1

The government's planned clearing operation and civic action program are steps in the right direction. They will, however, commit most of the reserve forces to one area, leaving other regions vulnerable to insurgent attacks and sabotage.

25X1

*continued***Top Secret**

25X1

Top Secret

25X1

In addition, the plan's longer term success would require organizing, training, and equipping enough civil defense forces to prevent the insurgents from returning in strength to contested areas. Continuing shortages of officers and other personnel indicate that the government will be hard pressed to achieve its goals.

25X1

25X1

Top Secret

25X1

Top Secret



25X1

Top Secret